



State of New Jersey

OFFICE OF THE GOVERNOR

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PHILIP D. MURPHY

Governor

June 19, 2019

To the Members of the 218th Legislature of the State of New Jersey,

When we came together to pass a budget last year, we made significant progress toward the priorities of our state's middle class. The people we serve expect us to continue moving forward. And I am confident that, by putting them first, we can.

Last year we started on a path to fully funding our schools, making a historic investment in future generations. We made critical investments in NJ TRANSIT, beginning the hard work of turning around an agency suffering from a decade of devastating funding cuts, and this year we are set to make the largest investment in state history. We made our promised pension payment, ending a practice of kicking the can down the road employed by far too many leaders in both parties. We funded women's health care, expanded pre-K, and enacted a new child and dependent care tax credit for working families.

The budget now under your consideration continues to embrace many of our shared progressive priorities. I thank you for agreeing to take the next step on investing in education, NJ TRANSIT, and our pension obligations.

However, this budget also includes indefensible and needless cuts to wildly successful programs, such as tuition-free community college. Thousands of students have already enrolled in our first-year pilot program, working hard to make their dream of a college degree a reality. These students, by design, are those who need assistance the most – lower-income residents desperate for the promise of a better job and brighter future that a college degree can make possible. The funding in my proposed budget would fund a full year of the program and expand opportunities for New Jerseyans to gain the skills necessary to compete in the global marketplace; skills that will benefit New Jersey's economy.

The budget in front of you also strips out a long overdue plan to modernize gun fees, meaning dog licenses will continue to cost more than gun licenses across New Jersey. It strips out a plan to make opioid manufacturers and distributors pay increased fees that will help us cover the growing costs for treatment and recovery from opioid addiction. The budget before you refuses to ask large corporate entities to pay a nominal fee to go toward the Medicaid costs of covering every employee refused health insurance by their employer, thereby making every New Jersey family foot the cost for the benefits these large corporations do not provide to their workers.

The budget now before you also refuses to ask the wealthiest among us -- those making more than one million dollars per year and who are beneficiaries under the Trump tax cuts -- to pay their fair share to fund these critical investments. Study after study has debunked the myth of "millionaire's flight," showing what we all know to be common sense: a millionaire's tax makes sense for all of New Jersey, even to those of whom it asks to pay their fair share. A state that invests in education, transportation, health care, and direct property tax relief for the middle class in real, sustainable ways is a stronger, more beneficial state for all of us and a more competitive and attractive place for businesses to come and grow.

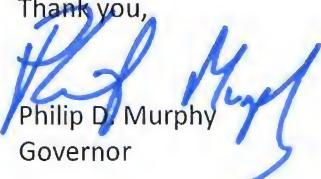
In the spirit of cooperation, I am always willing to discuss my commonsense revenue proposals, including the proposed millionaire's tax. But make no mistake, these revenue proposals, unlike those in the budget before you, are real, reliable, and sustainable. Like the over one billion dollars in sustainable savings my administration has put forward this year, sustainable revenues are essential to digging New Jersey out of the financial mess left for us. The facts are unavoidable: the people of New Jersey believe strongly that now is the time for tax fairness, and I could not possibly agree with them more. There has not been a credible reason offered to continue to prevent a policy as sound and bipartisan as this. A millionaire's tax has been passed five times by Democratic legislatures. We can and must find common ground.

In addition, there are revenues included in your budget that I will have difficulty certifying. For the most part, our revenue assumptions aligned with those of OLS, but this budget proposes numbers which diverge from both OLS's and the Administration's projections. These revenue assumptions, along with spending down every cent of our Rainy Day Fund, will leave our state's fiscal house on continued shaky footing, leaving every New Jersey resident vulnerable to an economic downturn. This is the type of budgeting that led to eleven credit downgrades in the previous administration, and continuing it would put us at risk of more.

When I delivered my budget to you three months ago, I left room for negotiation. I'm willing to continue to work with each of you on your budget priorities. But I cannot certify revenue that may not materialize in the coming twelve months. The previous administration was only too happy to do so time after time, and it led to eight years of manufactured fiscal crises.

So, to be clear, if this budget contains the revenue for your added spending, I will work with you. But if not, I will be forced to take corrective action. Tax fairness is an issue that will not go away on June 30. The people of New Jersey elected me because they had been poorly served by the business-as-usual, special interest politics of Trenton. I continue to put them first every day as I have always done and as I always intend to do. The time is now to show nine million New Jerseyans that you stand with them, and that you're ready to take on the hard work of changing Trenton.

I am confident we share a common goal of moving New Jersey forward and making this a stronger and fairer state that works for every family. In that spirit, I look forward to working together to achieve that worthy objective.

Thank you,

 Philip D. Murphy
 Governor